

## Term Sheet

1. Purchase of four (4) residential real estate loans.
2. Purchase Price \$142,450.
3. Seller calculates price at 12% net yield after servicing.
4. Reload assistance – to be discussed:
  - a. \$1,500 per loan escrow will be deposited for 18 months to cover any foreclosure, repair, re-sale, reload (no income protection). Unused balance goes to RGP.
  - b. Repurchase or replace loan within first 6 months
  - c. Re-sell house, cost to be discussed
5. Seller may re-purchase the mortgages back at unamortized yield balance at anytime.

## Concept

- In 2008 when the loan requirements were changed by the federal government, house values decreased and the number of buyers decreased, due to the increase in down payment requirements. Previously, buyers were monthly payment sensitive with low down payments. Thus, the market shifted to more renters, less owners, and many owners stranded in homes they could not sell; and many good buyers who were unable to meet down payments requirements were doomed to rent.
- Because of the lack of financing and down payments, values decreased. Houses with financing held values; houses without financing did not.
- Owner financing increased.
- Goal: to create a mortgage instrument for qualified buyers with minimal down payments. Establish payments equal to the rental market with shorter maturities than traditional loans.
- In essence, create a “rent to own” mortgage instrument giving good buyers the chance to own versus rent. Maturity window is obtainable.

## Valuations

- Because of down payment and audit requirements, many house values dropped to “cash” value.
- Decrease in values hurt sales, creating a foreclosure bubble.
- Houses without financing have approx.  $\frac{1}{2}$  the value of houses with financing.
- Tax valuations are unreliable because values do not reflect market. Foreclosure and lack of financing skew values.
- Investors starting to rely on income or cost approach versus market approach for accurate values.

## Houses

- Locate houses in “microplex” areas with steady population and low unemployment.
- Confirm clear title.
- Repair house to ensure long term viability. Inspect and / or repair: roof, exterior paint, plumbing, subflooring, siding, foundation.
- Confirm rental market.
- Price house at or below rental market.

## **Loan Administration**

- All loan documents prepared and reviewed by counsel.
- All closings at title co with full disclosures and HUD Statement.
- Title insurance provided through time of initial purchase.
- Insurance paid at closing.
- Taxes paid at closing.
- Escrows in place.
- All payments include escrows.

## LOAN SALE SUMMARY

SQ FT	BUILT	BED/BATH	CH CA	PURCHASE	PURCHASE PSF	DOWN PYMT	FINAL LOAN	RATE	TERM	PYMT	LOAN SALE	LOAN PSF	TAX APPRAISAL	INC. APPROACH	
913 Bales, Cleburne TX	904	1960	2/1	YES	\$54,000	\$60	\$1,000	\$55,742	9.95%	120	\$728	\$46,900	\$52	\$33,461	\$72,800
509 S. Halbryan, Eastland TX	1134	1934	3/1	NO	\$45,589	\$40	\$750	\$45,589	6.87%	120	\$526	\$32,300	\$28	\$22,300	\$55,000
708 Paige, Ranger TX	840	1940	2/1	YES	\$28,614	\$34	\$750	\$30,352	\$8.80%	144	\$343	\$21,400	\$25	N/A	\$34,337
16286 Circle Dr, Lindale TX	1456	2010	3/2	YES	\$55,044	\$38	\$1,000	\$54,044	\$8.90%	144	\$612	\$41,850	\$29	\$59,601	\$61,200

Before Servicing--> \$2,210 \$142,450

64.45 ←-Mos payback

# 708 Paige, Ranger, TX 76470



## Property Information

- 2 Bedrooms / 1 Baths / .32 acre
- 840 sqft
- Built in 1940
- Central Heat and Air

## Value

- Sold for \$ 28,614
- Tax App. \$ TBD
- Income Approach (12%) \$34,337

## Improvements

- New roof
- New siding
- New interior paint and flooring

## Note Information

- 1<sup>st</sup> Lien - \$ 30,352
- 8.8% Interest
- 12 year amortization
- \$1,086 down payment
- Maturity Date 1-1-2025
- Loan Sale = \$21,400
- Payment = \$343.37
- Credit Score 582
- Work History = good
- Income X







# 913 Bales, Cleburne , TX



## Property Information

- 2 Bedrooms / 1 Baths
- 904 sq ft
- Built in 1960
- Central Heat and Air

## Value

- Sold for \$ 54,000
- Tax App. \$ 33,461
- Income Approach (12%) \$72,800

## Improvements

- New roof
- New siding
- New interior paint and flooring

## Note Information

- 1<sup>st</sup> Lien - \$ 55,742
- 9.95% Interest
- 10 year amortization
- \$1,000 down payment
- Maturity Date 12-29-2022
- Loan Sale = \$46,900
- Payment = \$728.47
- Credit Score 582
- Work History = good
- Income X = 5.49

# 509 Halbryan, Eastland, TX



(pre-rehab picture)

## Property Information

- 3 Bedrooms / 1 Baths
- 1134 sq ft
- Built in 1934

## Value

- Sold for \$ 45,589
- Tax App. \$ 22,300
- Income Approach (12%) \$52,616

## Improvements

- New roof
- New paint
- New interior siding
- Remodeled bathroom

## Note Information

- 1<sup>st</sup> Lien - \$ 45,589
- 6.875% Interest
- 10 year amortization
- \$ 750 down payment
- Maturity Date 12-16-2022
- Loan Sale = \$ 32,300
- Payment = \$526.16
- Credit Score 569
- Work History = good
- Income X

# 16286 Circle Dr, Lindale TX



## Property Information

- 3 Bedrooms / 1 Baths / 2.86 ac
- 1456 sq ft
- Built in 2010

## Value

- Sold for \$ 55,040
- Tax App. \$ 59,601
- Income Approach (12%) \$61,200

## Note Information

- 1<sup>st</sup> Lien - \$ 54,044
- 8.875% Interest
- 12 year amortization
- \$ 1,000 down payment
- Maturity Date 12-16-2022
- Loan Sale = \$ 41,850
- Payment = \$526.16
- Credit Score 570
- Work History = good
- Income X

## Improvements

- New flooring
- New compressor
- New paint
- New interior siding